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Author:

Parlin, Charles Coolidge

Title:

The merchandising of
textiles

Place:

Philadelphia

Date:

[1914]

94-82040-8
MASTER NEGATIVE #

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Business
254.5
P23

Parlin, Charles Coolidge.

The merchandising of textiles; an address delivered before the tenth annual convention of the National wholesale dry goods association, by Charles Coolidge Parlin ... Philadelphia, The National wholesale dry goods association [1914]

35 p. 19½ cm.

1. Dry-goods—U. S. 2. Department stores. 3. Shopping. . i. National wholesale dry goods association. ii. Title.

Library of Congress HD9956.P3 14-9440

— Copy 2.
— Copy 3.

RESTRICTIONS ON USE:

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm

REDUCTION RATIO: 9x

IMAGE PLACEMENT: IA IIA IB IIB

DATE FILMED: 4/15/94

INITIALS: W.W

TRACKING #: MSH 00307

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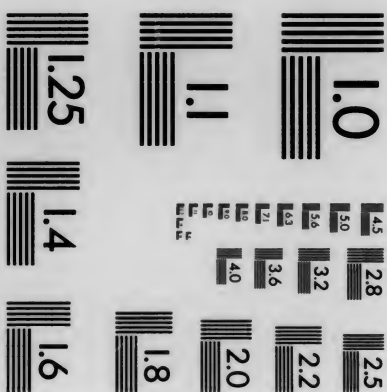


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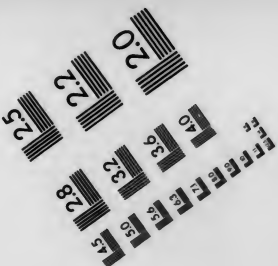
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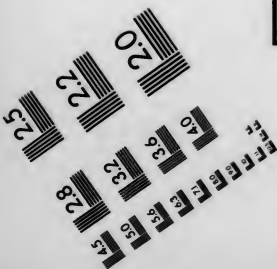
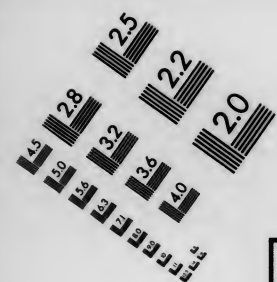


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THE MERCHANDISING OF
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School of Business

The Merchandising of Textiles

An address delivered before the
TENTH ANNUAL CONVENTION

OF

The National Wholesale Dry Goods
Association

BY

Charles Coolidge Parlin

Manager, Division of Commercial Research

Curtis Publishing Co., Philadelphia

Published by

THE NATIONAL WHOLESALE DRY GOODS ASSOCIATION

General Offices—505 Arch Street, Philadelphia

Business

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P 23

THE MERCHANDISING OF TEXTILES

Soon after I was married, my wife invited me to accompany her on a shopping tour, and being unsophisticated, I accepted. On the way down town, she said to me confidentially, "The article we wish to buy is at Smith's. Where shall we go first?"

We laugh at this question because we are men. It was a sensible question, but I returned a foolish answer. I said, "Let us go first to Smith's." This broke up the shopping tour, and it was many a day before I was invited to participate in another.

Underlying that apparently foolish question and that really foolish answer is the philosophy that explains the creation of the department store of to-day.

Men and women differ in their buying. My wife did not suppose it possible that I would be willing to make an important purchase without first satisfying myself as to the wisdom of the choice by looking at several stocks, and on the other hand it did not seem to me fair to ask a dealer to display his goods when we had no intention of buying from him.

✓ A man in his buying is usually impelled by one of four influences:

First. CONVENIENCE.—“Where is the nearest place a collar may be found?” he inquires.

Second. IMPULSE.—Walking down the street he is attracted by a window display and unexpectedly purchases a necktie, the pattern of which pleases him.

Third. CUSTOM.—He goes in a routine way to an accustomed place where he will be greeted with, “Good morning, John,” and where he can say, “Charge it, Bill,” and get out without encountering any red tape.

Fourth. BRAND.—He may go some distance out of his way to find a desired brand of overcoat or hat or collar, for in his buying he depends much on brand.

✓ Price is not listed as a special influence, but it operates to modify the buying done under any of the given influences, for man is not disregarding of price. In selecting his customary store he may choose the cheapest one in town because he wants to be saving; sometimes he is led by the advertisement of a cut-price sale, to a department store, into which as a rule he dislikes to go. But in men's buying there is little of shopping. A

man does not go from one store to another comparing values before making a selection. When he has entered a store, he lacks the courage to leave without buying, and even though he feels that he is “worsted” in the trade, he is likely to tolerate it this once, although he may make up his mind never to go to the store again.

Woman's purchases are of two distinct classes, and from the standpoint of a manufacturer, it makes all the difference in the world in merchandising method as to which of these two classes he is trying to sell.

These two classes we call “convenience goods” and “shopping lines.” Convenience goods comprise notions, cottons under 15c. a yard, stockings, for the children, and in general, the lower end of woman's purchases. An inventory of a suburban dry goods shop will furnish a complete list of convenience goods. These lines are bought under the same influences that affect men: (1) at a convenient store, or (2) by impulse, or (3) at an accustomed place, or (4) by brand. There is little or no comparison of values.

Shopping lines in general comprise the upper end of woman's purchases—cloaks and suits, carpets, millinery, the better grades of hosiery and underwear, and all those articles which a woman records on her mental shopping tablet (which never forgets), and of which she defers the purchase until a trip to her shopping center. In these

lines a woman does want to compare values. She wants to go to one store, then to a second, then to a third, and after having seen three stocks, to make her choice, by comparing quality, price and style.

In the sale of any shopping line monopoly is impossible, for women cannot compare values if there be but one stock. We found a man who had a monopoly of the dry goods business in a small city, but he carried no real stock of ladies' ready-to-wear—just a few emergency garments. We asked him why this was, and he replied: "I used to carry a stock of ladies' ready-to-wear and did a good business, when I had a competitor. He also did a good business, but he closed up, and then I had to discontinue the line, because the women gave me the first look and then went over into a near-by city and made their purchases there. I could not afford to carry a stock for the ladies to look at when they never bought."

Thus it appears that if a man secures a monopoly of the dry goods business of any community, the women of the community will seek their shopping lines in neighboring cities or will purchase by the catalog route. Hence, monopoly is impossible. As a matter of fact, a woman wants to compare values in three stores. Why three, I do not know; perhaps it is the limit of her endurance. But whatever may be the philosophy, it is evident that three is the magic number in woman's shop-

ping; for in almost every city where shopping lines are carried, you find just three important stores with these lines—seldom less and seldom more—until you reach cities of 25,000 population. Then the number increases very slowly.

Of the cities with more than 200,000 population there are two which have only three stores each that do upwards of \$1,000,000; six cities have four stores each of this grade; nine cities have five each; three cities have six each; four cities have seven each, and there are only three cities in the United States which have more than seven department stores that, in our judgment, are doing more than \$1,000,000 of business each.

When the number reaches six, there is apt to be a division into two classes—three stores carrying merchandise that is medium and up, and three carrying merchandise that is medium and down; and the women who shop regularly in one group seldom visit the other. The sale of shopping lines, therefore, is sharply concentrated into a few stores in each city.

The sale of shopping lines is also concentrated into a comparatively few cities. We divide cities into two classes—shopping centers, and suburban. A shopping center is a city that draws more trade from outside than it loses to other places. A suburban city is one that loses more trade than it draws in from the outside. The importance of the distinction lies in the fact that

the city which draws in trade, draws it in shopping lines, and hence has a group of shopping stores; while the city that loses more trade than it draws in, loses it in shopping lines and its stores tend to become merely shops of convenience goods.

Between these is a class of cities which we call semi-suburban. These lose some trade and attract some trade, and on the whole just about hold their own. They have stores which carry shopping lines of the lower grade—for example, cloaks and suits of the value of \$25 and down.

The distinction between shopping center and suburban has little reference to the size of a city. Some of the suburbs of New York and Boston, with 100,000 population, are suburban, their stores for the most part carrying only convenience goods; while a Western village with a population of 2,500 is often a shopping center to which 10,000 people come to make their purchases of cloaks, suits, draperies, and other shopping lines.

Thus we find that shopping lines are sharply concentrated into a relatively small number of cities and into a very small number of stores within each city.

I am not an advertising man and desire to avoid advertising in discussing this subject. But I want to anticipate a wrong conclusion which manufacturers sometimes draw from this story of concentration. The manufacturer of a shop-

ping line sometimes says: "My line is sold in comparatively few cities; I will concentrate all my sales efforts in those cities and will not use national publicity." But such a manufacturer overlooks the important fact that these cities are shopping centers only by virtue of the fact that people come in from the outside to trade. Every woman in the United States who has the price and the taste to appreciate his article, is a potential customer. It is quite as necessary to reach the woman who comes from the outside as it is to reach the residents of the city; in fact, so far as a nationally exploited article is concerned, the woman outside is better worth reaching. For the woman in the city buys shopping lines largely by watching for special sales. She reads the announcements on Sunday to see whether she shall go into the city on Monday morning. But the woman outside who can make a trip to her shopping center but once a month or once in six months, cannot avail herself of these daily sales, and therefore does not heed the announcements of the daily press, but reads instead the advertising pages of her magazines for suggestions as to styles and qualities of merchandise.

When she goes to the city she has not made up her mind to buy a certain brand. Bless you, no! She is going to the city to compare values. A man may be persuaded by advertising to demand a certain make of overcoat and to insist on having no other, because he is averse to shopping.

But a woman will not make up her mind in advance. When she compares values, a line about which she recalls having read—if it holds its own with its competition in style and quality—is likely to be chosen, because the recollection of her reading brings conviction of its worth.

Since 58% of the population of the United States live in communities of less than 5,000 population and since for the purchase of shopping lines a large part of this population swells the trade of the shopping center, a manufacturer with a line of concentrated trade who confines his exploitation to the cities in which he is represented, is obviously overlooking the main portion of his possible customers.

In passing, perhaps it may be well to add that if a manufacturer has an advertised shopping line of manufactured goods like cloaks and suits, he can advantageously confine his line to one of the three department stores in a shopping center; for since women will look at three stocks before making a purchase, they will see his line, and the active pushing of one store may be worth more than the passive handling of three. Besides, in such a line the woman is looking for something exclusive, and if this line is on display in every store, she is apt to think that it is too common.

If, on the other hand, the manufacturer has an advertised material such as lace or silks, he will obtain maximum sales by placing stocks in

all the stores, for in such lines women shop on patterns and accept a recognized brand as a guarantee of quality.

Since shopping lines are concentrated into a relatively small number of cities and into a very small number of stores within each city, if a manufacturer has a shopping line the number of stores which can profitably carry his line is so small that he can afford to cover the field with his own salesmen, selling direct. If, on the other hand, the manufacturer has a convenience line, to get anything like an adequate representation he must reach the suburban cities and the rural stores. To him, therefore, the jobber is essential.

From the jobber's standpoint it is for this reason a matter of considerable importance to know what per cent. of the trade is shopping lines and what per cent. is convenience goods. To determine this, we made a study of the textile jobbing and retailing situation in every one of the 100 largest cities, and also in a considerable number of minor cities in different portions of the country, traveling 32,000 miles and interviewing more than 1,000 manufacturers, jobbers and retailers.

In each city we estimated the volumes of business of the department stores individually and added them. On the basis of these estimates we also made estimates for those cities to which we did not go, and reached the conclusion that the

total amount of dry goods and ready-to-wear business in the United States was, in 1912, \$2,094,585,000, exclusive of that done by the catalog houses.

It may be said in passing that one of the interesting features of this calculation is the importance in the aggregate of minor stores, for after you have eliminated the dry goods and ready-to-wear business of the five largest stores in the United States, you still have approximately \$2,000,000,000 of business left.

For each of these cities we estimated also a trading population—that is, we estimated the number of men, women and children who are supplied in shopping lines by regular visits to the shopping center. We divided this trading population into our estimated volume of business and found that the average expenditure per man, woman and child of trading population in the 100 largest cities was \$30.94.

The per capita expenditures in the individual cities varied considerably, but the most interesting fact was that for every variation, above or below normal, an economic reason could be found. In no case was it necessary to fall back upon the assertion that in one city the merchants were aggressive and in another they are failing to develop their opportunities.

Important shopping centers like New York, Chicago, Philadelphia and Boston were all above

the normal because the people who come from outside to shop are the large spenders and count for more in dollars than they appear to count in numbers; and conversely, semi-suburban cities are sub-normal, because the people who go out are the larger spenders.

Capital cities as a rule are sub-normal, because the people come from outside for politics and society rather than to buy, and because the merchants are overshadowed by the politicians. A strong man frequently hesitates to establish himself in a capital city where he must be of less importance than the Governor and his Staff, while a weaker man who does start, does not have civic responsibility thrust upon him, and his store often reflects the narrowness of his life.

Nationality also is an influence; German women, for example, spend less in the department stores than women of some other races.

So far as the 100 largest cities are concerned, department store merchandising has been conducted successfully enough to secure the available trade, but with minor cities, it sometimes happens that where three cities are located in a single county, one city by greater aggressiveness may attract to itself a larger portion of the rural trade. That is, within a county three minor cities may frequently compete for county business, as three stores in a city compete among themselves for the available business.

But within any given area the volume of department store business is a fairly definite quantity. In such a territory there is in the hands of the women a certain definite amount that they may spend. Of that a fairly definite proportion will seek the channels of concentrated trade and a fairly definite proportion will be spent in specialty houses and convenience stores.

In a city where department store methods have been fully developed, the volume of department store business can be materially increased in only one of three ways:

First. By increasing the population or improving transportation facilities, so that a larger number of people can advantageously come to the center;

Second. By increasing the prosperity of the community so that a larger amount of money is in the hands of the people to spend;

Third. By the addition of new lines to the department stores.

Recently, in a large American city, a material expansion in department store activity took place. Ten million dollars of additional business was needed to render profitable the new buildings and the expanded stocks. But the department store group of this city was already receiving the full amount that that community had to spend in the

channels of concentrated trade. No new methods of display or exploitation were able to produce the amount, and disaster was inevitable.

We would not be understood as minimizing the value of the service that has been performed by the great leaders in retail merchandising. A few leaders have shown the way; many others have followed and have adopted the methods of the leaders to meet their local conditions, and department store methods, as they exist to-day, are the creation of many able minds. But the point I wish to make is that certain economic conditions rendered possible a certain volume of concentrated trade and the service which our great merchandising leaders performed was in supplying facilities for shopping trade; and that when the facilities were offered, the trade came naturally.

Since the volume of department store business in any community depends upon economic conditions rather than upon merchandising methods, if the economic conditions are properly understood the query arises whether the volume of department store business for a city may not be estimated approximately without an inspection of its department stores.

Acting upon this thought, with an Atlas and a Census Report, we estimated for every city in the United States above 5,000 population, a trading population; that is, we sought to determine what population seemed likely to come to that

city to buy shopping lines. We then obtained from the city clerks in these cities information concerning the industry back of the city, the prevailing nationality, the per cent. of illiterates, and the per cent. of colored. We also asked the city clerk to give us his estimate of the trading population. In 60% of the replies our theoretical estimates differed from the city clerks' figures by less than 25%, and were allowed to stand. In the other instances, the original estimates were reviewed and where the clerk's estimates seemed credible, the original figures were modified.

With this data before us, we made a theoretical estimate of the volume of department store business in every one of these cities—that is, in about 1,200 cities in all.

These estimates are being used by some sales organizations to check up the uniformity of their distribution. A manufacturer who is selling a department store line should have a certain fraction of 1% of our estimate in each city, making, of course, allowances for the variations due to the effect of climate, section, nationality, and size of city, upon his line. The salesmen are instructed that these are only theoretical estimates, but that they have been carefully made, and it is believed that if the economic conditions were properly understood, the estimate is reasonably accurate. If it seems to the salesman impossible to secure the volume of business theoretically esti-

mated, he is requested to make a report on economic conditions surrounding the town so that the reason for the error may be ascertained.

These estimates, issued in a volume entitled, "Encyclopedia of Cities," may be seen in any one of the Curtis Publishing Company's offices, which are located in New York, Philadelphia, Chicago, Boston and San Francisco, where may also be seen the four rather bulky volumes which comprise the report on the textile investigation and the other volumes issued by the Research Division.

Fundamentally, then, the volume of department store business is the result of an economic law and the foundation upon which that law rests is made up of three essential facts:

First. That the amount of money to be spent in any given community in any given year is a fairly definite amount.

Second. That a certain fairly definite proportion of that amount naturally is expended by women; and

Third. That a fairly definite percentage of women's purchases naturally seek the channels of concentrated trade.

The thing that has made the department store is not textiles, but the fact that women in certain lines wish to compare values. Historically, most

department stores have grown out of dry goods stores, and this is perfectly natural in that dry goods is one of the chief lines of woman's shopping. The department store manager in judging any line should ask himself, not, "Is this consistent with department store lines?" but rather these two questions:

First, "Do women buy this line?"

Second, If so, "Is it a line in which women wish to compare values?"

If it is a line that is bought by men, he can sell only that portion of it in which woman is an influence in men's purchases, for the department store, first, last and all the time is a woman's store.

Man is not a shopper; he is anti-shopping. There is, therefore, but little concentration in men's lines.

To give a concrete illustration: A New York manufacturer propounded this question: "Why is it that although a multitude of men come daily into lower New York, we have no men's clothing stores that seem any way nearly adequate to supply the needs of these men for ready-made clothing, and yet, although relatively few women come below Forty-second street, we have in lower New York the largest and finest displays of women's ready-to-wear in America?"

We replied to the inquiry by mentioning a village in Maine with which the manufacturer was familiar, and stated that while in that village there was no real stock of ladies' ready-to-wear, there were not only one but several stocks of men's clothing that were ample for a village of 5,000.

He granted the accuracy of the statement, and we said, "This is not an accident. It is the expression of a tendency. The women of that village are not content to buy the better grades of their ready-to-wear in the village. They go to Waterville, to Portland, to Boston, to New York. The men, on the contrary, are content to buy their clothing in the most convenient locality that will furnish them a reasonable assortment of sizes and styles at the price they are willing to pay.

"The concentration in women's lines may be likened to a wave motion. From the Maine village many women go to Waterville; from Waterville, some to Portland; from Portland, the wave is passed on to Boston; and New York,—the focus of all these lines of radiating wave motion—presents the greatest opportunity in America for the sale of women's ready-to-wear garments, and has therefore the largest and finest stocks of style goods.

"Since in the men's lines there is little of concentration, the trade is held back in the

suburbs and minor cities; the multitude of men who come daily into lower New York, come to work and not to buy, and there is little opportunity in lower New York for the sale of men's clothing. But, while comparatively few women do come below Forty-second street, those who do come, come to buy, and to buy style goods rather than price goods, which offers a unique opportunity to sell high-grade merchandise on the style rather than the price basis."

Since men are not shoppers, the department store facilities for the comparison of values do not attract men's trade, and the stores can successfully sell men's lines only so far as women are an influence in their selection.

For example, north of the Mason and Dixon's line and east of the Mississippi River, men's clothing departments in department stores are frequently successful; for in this section there is a spirit of co-operation between the sexes. A man and his wife often have a single bank account, and the man helps his wife select a hat, while she, in turn, helps him choose a suit of clothes. Sometimes Mary selects for her husband three suits at a department store and has them sent home on approval. He accepts one and she returns the other two. More frequently she explores in advance, and then, taking John with her, says, "These are the three best suits, John," and he, lazy fellow, says, "Well, the gray one looks good enough to me."

I do not mean to assert for a moment that most of the buying of men's clothing is done on this basis. If it were, there would be little room for the existence of independent men's clothing shops. But there is, in this section of the country, a sufficient amount of woman's influence in the selection of the clothing of men, and especially of youths, to render financially successful the clothing departments of the department stores.

South of the Mason and Dixon's line, the situation is different. An air of somewhat haughty independence characterizes the relations of sexes. A man and his wife more frequently have separate bank accounts and each is perfectly capable, if you please, sir, of looking after his or her own wardrobe. It is of questionable propriety for a woman to help her husband pick out a suit of clothes, and not at all proper for a young lady to help her sweetheart pick out a necktie. Hence in this section, as a rule, clothing departments in department stores are not financially successful, and most of the exceptions to the rule are in those stores which were originally men's stores and later added women's lines.

In the far West, which in most merchandising matters is midway between the North and the South, since it draws people from both sections, we find that men's clothing departments are rather more successful than in the South, but less successful than those of the North. A depart-

ment store merchant on the Missouri River who said that he had looked the matter up carefully with reference to putting in a clothing department, declared that there was not a single clothing department west of Chicago that was making a financial success. I think that he overstated the case, but as concerns the general tendency he is probably correct.

In men's furnishing goods, probably 85% of the sales in the department stores throughout the country are to women. Some department store managers have said, "This is a men's line. We must encourage men's trade. We will, therefore, set aside a portion of the store and separate it by screens so as to keep the women out, and have a nice, quiet corner where the men may buy," and they certainly do succeed in having a nice, quiet corner.

Other department store managers with greater shrewdness have said, "We do not care to whom we sell men's furnishing goods, so long as we sell them," and have placed their counters of men's neckties and underwear near the elevators where the women congregate thickest, and they have sold large quantities.

The story of men's underwear is about this: The boy's mother buys his underwear until he reaches about seventeen, when he issues a declaration of independence and sallies forth to purchase his own nether garments. But later, being

married, with saner judgment, he once more turns the matter over to a woman and lives in peace and comfort ever after.

In hardware lines, that portion of the trade which covers kitchen utensils and other lines of women's purchases seems to be passing into the hands of the department stores. Building materials and other lines which men buy are remaining in the specialty stores, while lines that are bought by the sexes in co-operation, such as stoves, are being successfully handled by some department stores in those sections where co-operation among the sexes is common.

In jewelry, which is for the most part a woman's shopping line, the medium and lower grades seem to be passing into the hands of the department stores, impoverishing suburban jewelry stores and reducing them to repair shops. But gems and expensive jewelry, like other top price exclusive lines, tend to remain in the hands of specialty houses.

To sum up, for a department store to make a success of a line, in the first place it is necessary that it be a woman's line. In the second place, it must be a line which women buy by comparison of values. Woman's shopping, then, made possible the department stores, and the department stores, by furnishing facilities for women's shopping, have tended to monopolize this shopping trade.

Of convenience articles, the department stores can sell a certain portion, but cannot monopolize the trade. Wherever, for any reason, a department store is the most convenient place for a woman to buy, or wherever it becomes her customary place for ordering daily supplies, or wherever a woman in passing through the store is attracted by a display of convenience goods, the department store can secure her trade. As a matter of fact, the most important of these three motives seems to be the last.

As you approach a department store, you see in the windows displays of cloaks and suits and draperies and other shopping lines. When you step inside you find that these lines are on the second or the eighth floor and that you must pass long counters of gloves, handkerchiefs, notions and other convenience articles in order to reach the elevator. The department store manager, even if he may not have understood the philosophy, has discovered by experience that there is only about 33 1-3% chance of selling the woman who comes to the second floor to look at cloaks and suits, but he has discovered that if he can put enough hurdles loaded with convenience articles between the front door and the elevators, he can sell his visitors enough convenience goods to pay for waiting on them upstairs when they do not buy.

A manufacturer of a convenience article said that in New York his line was represented under

his own brand in four of the leading stores. No two of these stores sold it at the same price and one store sold at a considerably lower price than the other three; but although this store in general volume of business ranked high, in the sale of his line it was by far the least. The reason for the phenomenon, it seems, was the fact that in this store his line was carried on the second floor, and although there seemed to be sufficient difference in price to make it worth while for the woman to go out of her way to buy, as a matter of fact she did not do so. Probably the real explanation is that in the other stores this article was being sold because it attracted the attention of the woman as she passed through, reminding her of her future need for it.

An important consideration from the standpoint of jobbers is: "What per cent. of the \$2,094,000,000 total trade of the country is shopping lines and what per cent. is convenience goods?"

If the manufacturer has shopping lines he can afford to go direct to the large stores. If he has convenience goods, it is necessary, in order to get his maximum distribution, to use the jobber.

We found for the most part that merchants who sold more than \$200,000 of merchandise per year wanted to buy direct. A man who is buying less than \$100,000 prefers to buy of the jobber; he wants to keep his stock down and often he is

financially weak and leans on the jobber. We estimated that there are 1140 stores that do more than \$200,000 of business each, and these stores together do 43 per cent. of our \$2,094,000,000. The multitude of textile stores that do under \$100,000 of business, we estimated, do 47 per cent. of that total. This leaves 10 per cent. for the class between. In this class, if a merchant is a plunger by nature, he buys large quantities and goes direct; if he is conservative, he keeps his stock down by buying from the jobber.

Of course, large stores buy some things from the jobber; many smaller stores buy some things direct. If we offset one against the other and divide the 10 per cent. of the middle class evenly, it gives us 48 per cent. for direct channels and 52 per cent. for jobbing channels. It may be interesting to note that when we totaled our estimates of the business done by jobbing firms in 1912, the amount thus ascertained as sold by jobbers tallied almost exactly with the amount estimated from a retail standpoint as bought through jobbing channels; that is, when the problem was approached from two entirely different angles, substantially the same results were attained.

But in order to ascertain the per cent. of any given line that may be successfully handled through jobbing channels, it is necessary to analyze the figures more closely, for in the 48 per cent. of direct sales is included the great bulk of

the strictly shopping lines, which means, of course, that it contains proportionately less of convenience goods. Thus of a strictly convenience article, such as black and white thread, I suppose that not more than 25 per cent. is sold by stores included in our direct purchase group, and that fully 75 per cent. is sold by the jobber class of stores; and in convenience goods as a whole, at least 70 per cent. seems to belong logically to the jobbing trade and probably not more than 30 per cent. is handled by those stores which are actively seeking direct purchase connections.

The larger stores desire to buy direct for at least two reasons. In the first place, they hope to secure for themselves some portion of the middleman's margin of profit; and in the second place, it pleases their pride to buy direct. They can say to the consumer, "We are large purchasers; there is no middleman between the factory and the consumer but ourselves," and hence, even where the jobber meets the manufacturers' prices, the large store prefers to buy direct. The jobber's activities have, therefore, been restricted by the development of department stores and their desire to buy direct.

But this has, in a measure, been offset by a growing tendency on the part of merchants to keep their stocks down and make frequent purchases from the jobber. A wholesaler in one of our major cities was recently complaining of one

of the largest department stores, saying, "I like to be accommodating, but that store has sent down three times to-day to purchase stock, and I think it ought to carry a sufficient stock to last all one day." While this was probably an extreme case, the economic advantage from the merchant's standpoint, in respect of space and also of interest on investment, in allowing the wholesaler to carry the stock, is obvious.

A study of retail conditions in the dry goods field shows at least one thing with perfect clearness. The jobber performs an essentially economic function. We hear much talk of the elimination of the jobber; but there is no other expedient method for the distribution of a very large part of the dry goods merchandise. The jobber will therefore endure. The only question is, "What shall be the form, the size, the methods of jobbing firms?" On these problems I have not the presumption to attempt to instruct those who represent in this organization the combined experience of dry goods jobbing in the United States.

In jobbing there seems to be no present tendency to the elimination of the middle-sized man. In many lines of manufacture the firm of medium size is being driven to the wall, for while there is an opportunity for a large firm to do a national business and for a very small firm to adapt some tool to the purely local need, there seems to be no

place for one of medium size. But in jobbing, the middle-sized firm that is covering a radius of 250 to 400 miles and is doing two or four million dollars worth of business, seems to be competing successfully against the national jobber. For to offset the advantage which any large firm has through its ability to use large sums of money and highly organized methods, the smaller jobber has several advantages:

First. He has an advantage in freight, for his goods all come direct from the factory.

Second. He can study local needs.

Third. He is conveniently situated to cover the territory more frequently.

Fourth. He can better judge credits.

Fifth. He can establish close personal relations.

Of these advantages, perhaps the last is most important; for jobbing relations are always personal. A manufacturer can sell his good-will for all it is worth, and his patrons keep right on buying the well-known brand and do not know that the firm has changed hands. But a jobbing firm can not sell its good-will for what it seems reasonably worth; for their customers say, "We knew John and James, but we do not know the new firm; we will trade elsewhere." The local

jobber can establish personal relations, invite his customers to his home, can know that John's wife is sick and that he should have a little extra credit or that his child has died and that a letter of sympathy should be written. Hence, there is no apparent tendency at the present time for jobbing to be concentrated in a few firms.

There are, it seems to me, at least four opportunities for the jobber which, so far as can now be foreseen, seem important and enduring.

First. There is a great mass of convenience goods to be distributed over a wide area. These are the real basis of the jobbing industry. Unfortunately some of the largest staples, like domestics, are being handled below the jobber's cost of doing business, and from a jobbing standpoint, it seems highly desirable that something be done, if possible, to secure a reasonable margin of profit in these lines. They have been used as a bait to attract buyers for other lines, but that which must be the mainstay of the jobbing business ought not to be used as bait for other purchases.

Second. The large jobber who has a national distribution has an opportunity to brand and advertise a line, and as such to become a manufacturing wholesaler as distinguished from a jobber. I believe that the consumer prefers a manufacturer's brand to a jobber's or a retailer's

brand. But the consumer is not very discriminating. He buys a brand without inquiring what company is back of the brand. He buys the brand as an experiment, tries its quality, and if satisfied, continues to buy it so long as the quality pleases him. Hence, a jobber who assumes the manufacturer's function of branding and of advertising stands to the consumer as a manufacturer and secures his patronage. He also stands to the retailer as a manufacturer, and thus competes with manufacturers in selling those stores that otherwise insist on buying through direct channels.

Third. All jobbers, large and small, may do some "filling in" business with the direct purchase stores. It seems to me that there has been some unprofitable friction between retailers and jobbers on the question of original orders and "filling in," and that it would be advantageous for both if a more amicable solution of this problem could be reached. It is advantageous for the store that does more than \$200,000 worth of business to buy many of its lines direct on its initial orders, but this store can profitably buy some of its lines entirely from the jobber and can profitably make some of its original orders smaller and use jobbing channels more extensively to fill in orders, and the jobber can afford to yield the point of initial orders in many lines (for that will be lost anyway), in order to secure a large volume

of business in fill-in orders. I think it will be wise for the jobbers to carefully analyze the situation and determine what lines, from the standpoint of the merchant, can advantageously be bought direct in initial orders and concede that point, but urge upon the merchants the advantage in those lines of giving a larger proportion of their business to the jobber on the "filling in" basis, and in other lines demonstrate to him the advantage of placing his entire order through jobbing channels. Thus a better understanding between jobbers and retailers will be attained, co-operation will replace friction and the margin of jobbing will be extended to the mutual advantage of both jobber and retailer.

Fourth. Ready-to-wear, which in the first place was confined to the shopping grades and, therefore, naturally went to the retailer by the direct sales route, has now extended down into the convenience grades, such as cheap house dresses, men's shirts and overalls, and becomes a jobbing possibility. So far as ready-to-wear is a shopping line, it is not the jobbers' field, but those portions of the ready-to-wear business which are of the convenience goods type can probably be distributed most economically by the dry goods jobbers. An addition to these lines, which ordinarily carry a good margin of profit, may be advantageous to many jobbing firms.

There is a drift toward a better quality of merchandise. From Maine to California, from

Duluth to New Orleans, retailers asserted that the tendency to buy better goods is evident. This does not mean a tendency to buy extreme top-price articles; for so far as the department stores are concerned, there is probably less opportunity to sell \$150 suits to-day than there was formerly, partly because those who buy that grade of garments are seeking them through other channels, partly because a woman who formerly bought one suit at \$150 now buys two at \$80. But the drift toward quality means that there is a general lifting up of the lower grades of merchandise toward a medium or high quality. "No one knows so well as we do," said the proprietor of one of the largest junk stores in America, "the increasing difficulty of selling junk." "Southern trade is cheap trade but is improving," declared a prominent Southern jobber. "We used to think," said the manager of a large Northern department store, "that it was only price that appealed to women, but we find that price is a minor consideration in many lines. This year in our advertisements of ready-to-wear, we mentioned no prices, depending wholly on quality, and got splendid results. A few years ago, such a thing would have been thought impossible."

Several influences are co-operating to produce this demand for a better quality of merchandise.

First. The effort of jobbers and retailers to

sell a good grade of merchandise, knowing that these grades offer greater values to the consumers, and that in serving the consumers' best interest lies the future success of their own firms.

Second. The department stores having furnished facilities for shopping, women have taken advantage of the opportunity to train themselves in the art of buying.

Third. The national magazines have carried quality and style ideas from one end of the country to the other until to-day the old time cross-roads trade has disappeared, and there is scarcely a locality in America where last season's goods can be sold.

Fourth. The schools and colleges have made women more intelligent and more earnest. In the management of the household there are two economic functions: the earning of money, and the spending of money, the former usually the duty of the husband, the latter often the privilege of the wife. Many women have come to realize that the happiness and economic welfare of the family depend quite as much upon a wise expenditure of the family income as upon a successful gathering of wealth; and hence have come to consider the spending of money not as a privilege, but as a serious economic duty worthy of careful thought and effort.

The consuming public is every year becoming more intelligent and better trained in buying.

This deserves serious consideration by all those interested in merchandising; for only upon a recognition of this fact can successful business be founded. We talk about manufacturers, jobbers and retailers, but in the last analysis the consumer is king. His whim makes and unmakes merchants, jobbers and manufacturers; whoever wins his confidence has won the race; whoever loses it, is lost.

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MSA 00307

FEB 25 1994

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